



Office of The Attorney General
State of Connecticut

**TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE GENERAL LAW COMMITTEE
FEBRUARY 23, 2010**

I appreciate the opportunity to support House Bill 5222, An Act Concerning Residential Retail Heating Oil and Propane Contracts. I am currently working with representatives from the propane industry on several amendments to address industry concerns while protecting the rights of consumers in these critically important contracts.

This legislation requires heating oil or propane gas suppliers to have written contracts with consumers if there are charges or fees in addition to the unit price per gallon. Such contracts may not exceed three years in duration.

The written contract must be in plain language and shall not include any liquidated damages amount beyond the actual damages to the retailer because of a breach of the contract by the consumer. Electronic contracts that comply with the Connecticut Electronic Signatures Act and its federal counterpart will satisfy the written contract requirements.

Importantly, the proposal requires propane dealers to offer consumers the right to purchase their propane tanks for a commercially reasonable price which must be stated in the contract.

My office has received hundreds of complaints from consumers concerning their heating oil or propane contracts. The complaints concern assessment of fees such as tank removal fees and minimum delivery charges and other financial penalties that restrict the ability of a consumer to choose another supplier. A propane dealer may quote a price per gallon and then assess a \$4 "environmental fee" on each delivery although the fee may bear no relationship to any additional costs incurred by the dealer. In another example, a propane customer sought to switch to a lower cost supplier only to be told removing the tank would cost hundreds of dollars -- a cost never made known to the consumer. Retailers may claim that these fees were clearly explained over the phone to the consumer -- without any written contract containing those provisions. The retailer may refer to a taped telephone conversation -- up to 5 or 10 minutes in duration -- where such terms are explained. The consumer would have no record of such information.

Fees that purport to pay for some maintenance service or environmental program often amount to significant additional costs for consumers. These fees are often hidden and inhibit consumers from adequately shopping for the lowest price for heating oil or propane because the prices that are quoted may contain such hidden fees.

House Bill 5222 simply requires that the retailer state all fees in writing unless the retailer is charging only a unit price plus any delivery fee already authorized under law. The legislation allows for current customers without a signed written contract to continue that relationship provided they were given a written contract that doesn't increase fees during the contract period and were given notice that they may reject any contract within 60 days of receipt. This ensures that existing customers who were notified in writing of their existing contract obligations can continue to receive heating oil or propane if they neglect to sign such contract.

The proposal also clarifies and streamlines the current regulations regarding guaranteed price contracts for heating oil or propane. My office has been inundated with complaints regarding such contracts. This amendment defines a guaranteed price contract, requires notice to the Consumer Protection Commissioner of cancellation by the holder of a surety bond and limits the obligations of a decedent's estate to such contracts.

Finally, the proposal increases civil and criminal penalties and clarifies administrative investigatory authority for violations of these regulations.

I urge the committee's favorable consideration of House Bill 5222.